

M e m o r a n d u m

To: Panel Members

Date: August 27, 2004

From: Diana Torres, Manager

Analyst: S.M. Godin

Subject: PROPOSED AMENDMENT #2 FOR **PACIFIC COAST MARITIME CONSORTIUM**

CONTRACTOR:

- Multiple Employer: Employer Consortium
- Training Project Profile: SET-Workers Earning At Least State Avg Hrly Wage
- Legislative Priorities: Displaced/Potentially Displaced Workers
Developed Jointly By Management And Workers
- Type of Industry: Transportation
- Repeat Contractor: No
- ETP Trainees Represented by Union: Yes
- Name and Local Number of Union Representing ETP Trainees: Inlandboatmen's Union Of The Pacific; Sailors' Union Of The Pacific; Marine Firemen's Union

CONTRACT:

- Program Costs:
 - Present Program Costs:** \$85,800
 - Amendment Program Costs +:** \$195,845
 - Total Program Costs:** \$281,645
- Multiple Employer Support:
 - Present Contract Support (8 %):** \$5,940
 - Amendment Support (8 %):** \$13,624
 - Total Support:** \$19,564
- Substantial Contribution:
 - Present Contract Contribution:** \$0
 - Amendment Contribution +:** \$0
 - Total Contributions:** \$0

- Total ETP Funding: \$301,209
- In-kind Contribution: \$329,116

➤ *Trainee Wages Paid During Training*

Present Contract: \$0

Amendment: \$27,012

➤ *Other Contributions:*

Present Contract: \$89,200

Amendment: \$212,904

➤ *Total Contribution*

Present Contract: \$89,200

Amendment: \$239,916

➤ *Maximum Contractor Charge To
Participating Employers*

Present Contract: \$0

Amendment: \$0

- Reimbursement Method: Fixed-Fee
- County(ies) Served: Statewide

INTRODUCTION:

This project was initially brought to the Panel through the marketing efforts of the California Labor Federation, AFL-CIO's Workforce and Economic Development program.

The Pacific Coast Maritime Labor-Management Consortium (PCMC) is a joint effort of five Pacific maritime unions and five Pacific maritime employers. The PCMC was formed in March 2002 to address the escalating shortage of qualified mariners in the U.S. Merchant Marine and is dedicated to the improvement of job opportunities in the maritime industry. PCMC is eligible to provide training as a group of employers under Unemployment Insurance Code Section 10205(c)(1). The project is funded with Special Employment Training funds under Title 22 California Code of Regulations, 4409(a), for the retraining of frontline workers in occupations that pay at least the state average hourly wage. The participating employers for this project are engaged in operating vessels for the transportation of freight and passengers on the deep seas. These participating employers primarily operate out of ports in San Pedro/Long Beach/Los Angeles and San Francisco/Oakland/Richmond. These ships travel to foreign posts located in the Pacific Rim, Iraq, domestic ports in Hawaii, and other out-of-state Pacific Coast ports. All trainees are union members employed as deck/engine mariners or mariner engineers.

The Panel approved the initial ETP Agreement with PCMC in November 2003 to train 55 incumbent workers from participating employers using a commercial skills curriculum in marine transportation skills. The proposed Amendment (Phase II) will provide training for 131 additional retrainees. The Amendment will offer a wider range of training hours (24 – 320),

continue to help workers acquire skill sets needed in the civilian maritime sector, and prevent the displacement of workers.

MEETING ETP GOALS AND OBJECTIVES:

PCMC proposes training that will further the following ETP goals and objectives:

- 1) Training is targeted to SET frontline high wage workers, which meets ETP's legislative mandate to invest in developing the skills of frontline workers and to foster job retention of high-wage, high-skilled jobs. The prevalent hourly wage for trainees in this project is \$22.72.
- 2) Training is customized to a discrete industry and provides training in skills in demand by maritime employers, thus improving a trainee's job security and reducing periods of unemployment for journey level workers in California's maritime industry.
- 3) Training assists in the retention of mariners and helps their employers who face increasing levels of international competition. This project meets ETP's legislative mandate to foster job retention in industries threatened by out-of-state competition.
- 4) This training plan was jointly developed by employer and union representatives, meeting ETP's legislative priority of funding projects that support joint labor-management training ventures.

TRAINING PLAN TABLE:

Grp/Trainee Type	Types Of Training	No. Retain	No. Class/ Lab Videocnf. Hrs	No. CBT Hrs.	No. SOST Hrs.	Cost Per Trainee	Hourly Wage Ater 90 Days
<u>PHASE I</u> Job 1- SET Frontline Worker/Retrainee	Menu: Commercial Skills	55	40-200	0	0	\$1,668	*\$19.96- \$26.80
					<u>Prevalent Hourly Wage</u>		
					\$22.72		
					<u>Average Cost Per Trainee</u>		
					\$1,668		
<u>Health Benefits Used To Meet ETP Minimum Wage:</u> *Health benefits ranging from \$.30 to \$2.68/per hour may be added to the trainee's wage to meet the statewide SET Frontline worker hourly wage of \$19.96 for 2003 in Phase I.					<u>Turnover Rate</u> Less than 20%		<u>% Of Mgrs & Supervisors To Be Trained:</u> 0%
<u>Other Employee Benefits:</u> Varies by Participating Employer							

Grp/Trainee Type	Types Of Training	No. Retain	No. Class/ Lab Videocnf. Hrs	No. CBT Hrs.	No. SOST Hrs.	Cost Per Trainee	Hourly Wage Ater 90 Days
<u>PHASE II</u> Job 2 - SET Frontline Worker/Retrainee	Menu: Commercial Skills	131	24-320	0	0	\$1,599	*\$20.29- \$26.80
					<u>Prevalent Hourly Wage</u>		
					\$22.72		
					<u>Average Cost Per Trainee</u>		
					\$1,599		
<u>Health Benefits Used To Meet ETP Minimum Wage:</u> *Health benefits ranging from \$.30 to \$2.68/per hour may be added to the trainee's wage to meet the statewide SET Frontline worker hourly wage of \$20.29 (2004 wage requirement) for Phase II.					<u>Turnover Rate</u> Less than 20%		<u>% Of Mgrs & Supervisors To Be Trained:</u> 0%
<u>Other Employee Benefits:</u> Varies by Participating Employer							

COMMENTS / ISSUES:

➤ ***Frontline Workers***

All participants in this project meet the Panel definition of frontline workers under Title 22 California Code of Regulations, Section 4400(ee).

➤ ***Compensatory Nature of Training***

Training will be mandatory for 50 trainees (38 percent) and voluntary for 81 (62 percent) of the trainees in Phase II.

➤ ***Production During Training***

Contractor agrees that during ETP-funded training hours, trainees will not produce products or provide services which will ultimately be sold.

➤ ***Reason for Amendment***

Since training began in January 2004, 47 trainees (86 percent of the 55 to be retained in Phase I) have been enrolled and 55 percent have completed the retention period thus far. PCMC has requested 131 additional slots in a Phase II Amendment to meet the high demand for commercial skills training in the Maritime Industry. Given that over half of the trainees have been enrolled during the first seven months of training, it appears reasonable to approve a Phase II Amendment to train an additional 131 trainees (a grand total of 186) within the original term of the Agreement (1/05/04 – 1/04/06). Approval of this Amendment will insure that there are no delays in commencement of future training cycles. All training will be completed within the 21-month training cycle.

➤ ***Union Participation***

All 131 trainees in this Phase II Amendment are represented by either the Sailors Union of The Pacific; the Marine Firemen's Union; or the Inland Boatmen's Union of the Pacific who have reaffirmed their support in writing. According to PCMC, these unions were directly involved in the development of the curriculum and training plan for both Phase I and Phase II.

➤ ***Trainee Eligibility***

All trainees are eligible under Special Employment Training (SET) funding as frontline workers covered by a collective bargaining agreement and who directly deliver services. PCMC has informed ETP staff that trainees may not all be California residents; however, all trainees will be retained by participating California-based employers who pay unemployment insurance and the Employment Training Tax to California on their behalf. Mariners are hired for periods ranging from a single voyage to several continuous voyages. These workers may be away from home continuously for months and then home for months. Neither the employers nor the unions require that these workers reside in California during their non-work periods.

➤ ***Apprenticeship***

There is no formal registered apprenticeship program for the maritime industry. Therefore, the project does not duplicate any apprenticeship program.

➤ **200 Hour Class/Lab Limit on Training Hours for Retrainees Waiver Request**

ETP Policy states that: *"in cases where contractors are seeking more than 200 retraining hours for an individual trainee, additional training hours (above 200) may be added later by amendment once sufficient performance in the original agreement has been achieved and verified".*

PCMC requests that the Panel allow 320 class/lab hours of training for 9 retrainees in Phase II. (Phase I of the PCMC Agreement contained a range of 40-200 class/lab hours with a weighted average of 120 hours.) According to the Contractor representatives, these trainees will receive a comprehensive 320 hour course in subjects necessary to achieve competency as a Junior (Maritime) Engineer. The Contractor further states that the Junior Engineer classification will provide opportunities for higher wages and steady employment through the union dispatch hall, in addition to meeting a key manpower need of the union employers.

➤ **Out-of-State Training Vendor Waiver Request**

Per Title 22, California Code of Regulations, Section 4421, Out-of-State Vendors:

"Except as otherwise provided, the Panel shall not reimburse an employer or Contractor for any costs associated with an out-of-state vendor, either through a budget or the Fixed Fee Rate Table, if those costs are for services, such as training... The Panel may authorize reimbursement for the cost of services provided by an out-of-state vendor which does not have a California office and employees only if the Panel finds that such services are unique to the need of the employer of Contractor and are unavailable in California."

PCMC requests the use of an out-of-state vendor, Fremont Maritime Services in Seattle, Washington, for delivery of 24 hours of Spill Response/Hazardous Materials Training. The Contractor's representative has certified in writing that this segment of the curriculum was designed to meet the specific needs of Foss Maritime Company, one of the Agreement's participating employers and is highly specialized training designed to meet the requirements of a highly regulated marine transportation industry. Many of these requirements are dictated by Homeland Security and Environmental Protection Act responsibilities.

PCMC states that it was not able to locate a vendor in California who could provide the customized training specific to its unique needs. PCMC's search for a California-based vendor included contacting all of its current California-based vendors and networking with other California companies who have provided similar types of training for their employees. Three of the maritime companies who were contacted (Harley Marine, Clean Coastal Waters, and Manson Construction) provide an 8 hour hazardous materials training course using in-house trainers. The California Maritime Academy provides a 16 hour Tank Ship Familiarization course specific to deep sea oil tankers which is not appropriate for coast and harbor service companies such as Foss Maritime. Engineers Review, Inc., another training vendor contacted by PCMC, provides 8-16 hours of industrial plant hazmat training, also not appropriate for the maritime industry.

ETP staff conducted an independent internet search for a California-based vendor and located an in-state training vendor, Environmental Outsource, Inc. (EOI), based in Los Angeles. The contact person at EOI stated that they specialized in hazmat material handling certifications and re-certifications. The contact person further stated that they had done customized training for the maritime industry, but did not possess a U.S. Coast Guard certification, a requirement to meet the needs of PCMC.

PROPOSED ACTION:

Staff recommends that the Panel:

- (1) Approve the Contractor's request to provide 320 hours of Junior Engineer class/lab training to nine trainees; and
- (2) Approve the out-of-state vendor request for 24 hours of spill Response/Hazardous Materials training; and
- (3) Approve this Amendment if funding is available and the project meets ETP priorities.

NARRATIVE:

The goal of PCMC is to establish a "comprehensive, industry-wide, resource-sharing, and innovative" approach to mariner recruitment, training, and career advancement. The proposed Amendment will allow PCMC to serve additional companies employing maritime workers throughout California. The success and continuation of PCMC's ETP training program will ensure that trained and qualified mariners are available in sufficient numbers for the civilian maritime sector in times of war and peace.

Employer Demand

Panel policy requires multiple employer contractors to provide evidence of employer demand for training and describe how employers are involved in marketing, training needs assessment, and certifying employer eligibility. Both union and employer representatives of the PCMC are responsible for determining the curriculum and overseeing the administration of this training program. To assess the employer demand for potential ETP-funded training in Phase I of this Agreement, the consortium initiated an assessment process to determine what types of training employees needed to comply with changing industry standards and meet employer demand. The assessment results were used to develop the Agreement's training curriculum. PCMC has continued to conduct employer assessments to tailor the program to current and additional participating employers.

As an example of PCMC's ability to meet a specific employer demand to provide ongoing customization, the curriculum has been modified (for Phase II) to include a 320-hour Junior Engineer course and a 24-hour hazardous material handling/spill containment course.

PCMC continues to market this training through its network of employers and through the Sailors Union of the Pacific; the Marine Firemen, Oilers, Watertenders Union; and the Inland Boatmen's Union of the Pacific by using direct mail, personal contacts, telephone calls, and e-mail announcements to potential participating employers and union members.

An additional participating employer and an additional union have been added for Phase II of this Agreement. All participating employers have been certified as eligible and have outlined their financial commitment to the ETP trainees and PCMC.

Supplemental Nature of Training

State law requires that ETP funds be used to supplement, rather than displace, funds available through existing programs conducted by employers and government-funded

NARRATIVE: (continued)

programs. The maritime industry has a long tradition of supporting worker training. Currently, the Andrew Furuseth School of Seamanship Training Trust and the Marine Firemen's Union (MFU) Training Plan are separate trust funds comprised of an equal number of employers and union members that support entry-level and seamen training. The trusts operate solely on jointly-negotiated employer contributions that are based on the daily pay rate of the individual. This rate can range from a few cents per day to as much as \$5 dollars a day. These training programs were developed to primarily address entry-level training and some general upgrade training. For example, the MFU currently funds basic safety training and training in government vessels, basic damage control, chemical, biological and radiological defense, environmental protection agency ozone depletion, plus industry-specific training on a case-by-case basis. The PCMC reports that both trusts are operating with deficits and there are no funds available to provide the journey-level training outlined in this proposal. Traditionally, on-the-job training has been the primary means for an entry-level mariner to move to a higher level paying mariner job. However, economic pressure to remain competitive in international trade has eliminated most entry-level training positions on United States merchant vessels over the last 20 years. In order to progress in this industry, incumbent workers must return to the classroom for more types and hours of training. Following classroom training, engine and deck mariners are then required to perform, under shipboard supervision, the practical demonstrations of competency. All of these changes present a major financial and logistical challenge for both maritime employers and employees. Continued ETP assistance in Phase II of the PCMC Agreement will allow an additional 131 maritime employees to receive classroom/laboratory training that is above and beyond what employers are currently providing. The participating employers will continue to provide monetary contributions to negotiated trust funds, the on-the-job training to support classroom and laboratory training, and the in-kind contributions outlined above.

ACTIVE PROJECTS:

The following are current project statistics:

ACTIVE PROJECTS						
Agreement Number	Agreement Amount	Term	Planned Number To Be Retained	Number Enrolled	Number Completed Training	Number Retained For 500 Hours
ET04-0553*	\$91,740	1/5/04-1/4/06	55	47	47	30

*As delineated in the above chart, 47 (86%) of the number to trainees to be retained have been enrolled thus far. Fifty-five percent (55%) have completed the retention period.

Pacific Coast Maritime Labor-Management Consortium

MENU CURRICULUM

Class/Lab Hours
40-200

Trainees will receive any of the following:

Commercial Skills

Nautical Terminology

Compass

Vessel Types and Construction

Navigational Rules

Ships' Manning

Deck Department and Bridge Team Organization

Hazardous Situation Communication and Reporting

- Oil Spills
- Dangerous Chemicals

Helmsman and Conning Officer

- Steering and Navigation of Vessel

Marlinspike Seamanship

- Knots on Ships
- Splicing Broken Lines and Cables
- Tackle, Pulley, and Sheaves
- Block and Tackle
- Ground Tackle

Forklift Driving

Side loader Driving

Special Forklift for Explosive Handling

Marine Environmental Pollution

- What is it and how to prevent it

Emergency Communication Equipment

Survival Craft and Rescue Boats

Marine Electrical Training

- Blueprints
- Instruments
- Lubricating Oil and Grease and Bearing
- Main Lube Oil System – Propulsion and Piping
- Hydraulic Steering Systems

Shipboard Electrical Systems and Equipment

- Electric Energy
- Basic Electrical Theory
- General Electrical Safety
- Electric Shock
- Electrical Conductors
- Wiring Techniques

- Generators
- Batteries
- Motors
- Electrical Motor Control
- Transformers
- Schematic Reading
- Test Equipment and Basic Meters
- Mega Readings
- Shipboard Power Generator Prime Movers and Productions
- Electrical Distribution
- Switchboards
- Interior Communications
- Lighting
- Tool Identification and Use

Marine Refrigeration & Air Conditioning

- System Controls
- Procedures and Maintenance
- Preventive Maintenance 7 Troubleshooting
- Alternate Refrigerants
- Cylinders & Safety
- Recovery, Reclaiming & Recycling
- Marine Refrigeration Containers
- Microprocessor System
- Refrigeration Container System Troubleshooting
- Heating Ventilation and Air Conditioning
- Tool
 - Pipe, Fitting & Packing
 - Heat Exchangers
- Spare & Idle Components & Equipment

Large Medium Speed Roll-on-Roll-off Cargo Ship Training

- Cargo handling equipment
- Cargo Stowage
- Mechanical Handling Equipment
- Explosive Cargo Handling
- Chemical, Biological and Radiological Equipment
- Shipboard Damage Control Equipment

Participating Employers in Retrainee/New Hire Multiple Employer Contracts

Contractor's Name: Pacific Coast Maritime Consortium

CCG No.: ET04-0553-000

Reference No:

Page 1, Amendment #2

PRINT OR TYPE

Company: Foss Maritime Company

Address: 1316 Canal Blvd.

City, State, Zip: Richmond, CA 94804

Contact Person/Title: Greg Poettgen , Operations Manager

Telephone No.: (510) 307-8763

Collective Bargaining Agreement(s): Inlandboatmen's Union of the Pacific; Sailor's Union of the Pacific;

Estimated #of employees to be retrained or hired under this Agreement: 66

Total # of full-time company employees worldwide: 619

Total # of full-time company employees in California: 146

Company: American Ship Management, LLC

2175 N. California Blvd., #1000

City, State, Zip: Walnut Creek, CA 94596

Contact Person/Title: Archie Morgan

Telephone No.: (925) 296-2013

Collective Bargaining Agreement(s): Sailors Union of the Pacific (SUP); Marine, Firemen, Oilers & Wipers Union (MFOW);

Estimated # of employees to be retrained or hired under this Agreement: 40 (for Phase 2)

Total # of full-time company employees worldwide: 765

Total # of full-time company employees in California: 753

Company: Matson Navigation Company, Inc.

Address: 333 Market Street

City, State, Zip: San Francisco, CA 94105

Contact Person/Title: Tom Percival, Manager, Labor Relations & Vessel Operations

Telephone No.: (415) 957-4536

Collective Bargaining Agreement(s): Sailors Union of the Pacific (SUP); Marine Firemen, Oilers & Wipers Union (MFOW);

Estimated # of employees to be retrained or hired under this Agreement: 25 (Phase 2)

Total # of full-time company employees worldwide: 720

Total # of full-time company employees in California: 240

Marine Firemen's Union

AFFILIATED WITH THE SEAFARERS INTERNATIONAL UNION OF N. A.
AFL-CIO

BRANCHES

Seattle, Washington
Wilmington, California
Honolulu, Hawaii

240 Second Street
San Francisco, California 94105
(415) 362-4592
Dispatcher: (415) 362-7593



July 20, 2004

Ms. Diana Torres
Employment Training Panel
5333 Mission Center Rd., Suite 300
San Diego, CA 92108

Dear Ms. Torres:

The Marine Firemen's Union is a member of the Pacific Coast Maritime Labor/Management Consortium (PCMC) and represents employees at American Ship Management/Patriot Contract Services and Matson Navigation Company. We are pleased to support the amendment to the Employment Training Panel contract.

Training is vital for our members continued employment opportunities. Finding resources to support the training needs in our industry is the mission of the PCMC and the reason we participate in it.

We feel our members will benefit greatly from the proposed training plan and appreciate the opportunity to participate in it.

Sincerely,

Henry Disley
President/Secretary-Treasurer

HD:sds
opc-3-afl-cio (76)



Inlandboatmen's Union of the Pacific

MARINE DIVISION -- INTERNATIONAL LONGSHORE & WAREHOUSE UNION
NATIONAL OFFICE • 1711 W. NICKERSON ST., STE. D • SEATTLE, WA 98119 • (206) 284-6001 • FAX: (206) 284-5043

June 30, 2004

Ms. Diana Torres
Employment Training Panel
5333 Mission Center Rd., Suite 300
San Diego, CA. 92108

Dear Ms. Torres,

The Inlandboatmen's Union of the Pacific-San Francisco Region (IBU-SFR) is a member of the Pacific Coast Maritime Labor/Management Consortium (PCMC) and represents employees at Foss Maritime Company. We are pleased to support the addition of this employer for training under the Employment Training Panel contract.

Training is vital for our members continued employment opportunities. Finding resources to support the training needs in our industry is the mission of the PCMC and the reason we participate in it.

We feel our members will benefit greatly from the proposed training plan and appreciate the opportunity to participate in it.

Sincerely,

Marina Secchitano
Regional Director
San Francisco Region

REGIONAL OFFICES

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711 W. Nickerson, Ste. D
Seattle, WA 98119
(206) 284-5040

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3017 CL
Julia



Inlandboatmen's Union of the Pacific

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June 21, 2004

Ms. Diana Torres
Employment Training Panel
5333 Mission Center Rd., Suite 300
San Diego, CA. 92108

Dear Ms. Torres,

The Inlandboatmen's Union of the Pacific-San Francisco Region (IBU-SF) is in full support of amending the Pacific Coast Maritime Consortium's (PCMC) Employment Training Panel contract to include Foss Maritime Company. The IBU is a Labor member of the PCMC and our members will greatly benefit from the proposed training plan.

Sincerely,

Marina Secchitano
Regional Director
San Francisco Region

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Inlandboatmen's Union of the Pacific

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PCMC

June 30, 2004

Ms. Diana Torres
Employment Training Panel
5333 Mission Center Rd., Suite 300
San Diego, CA. 92108

Re: ET04-0553

Dear Ms. Torres

The Inlandboatmen's Union of the Pacific-Southern California Region (IBU-SCR) is a member of the Pacific Coast Maritime Labor/Management Consortium (PCMC) and represents employees at Foss Maritime Company. We are pleased to support the addition of this employer for training under the Employment Training Panel contract.

Training is vital for our members continued employment opportunities. Finding resources to support the training needs in our industry is the mission of the PCMC and the reason we participate in it.

We feel our members will benefit greatly from the proposed training plan and appreciate the opportunity to participate in it.

Sincerely,

Peter Korody
Regional Director,
Southern California Region
Marine Division ILWU

REGIONAL OFFICES

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Sailors' Union of the Pacific



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BRANCHES PHONE

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GUNNAR LUNDEBERG • PRESIDENT/SECRETARY-TREASURER

HEADQUARTERS: 450 HARRIS ST.
SAN FRANCISCO, CALIFORNIA



June 30, 2004

Ms. Diana Torres
Employment Training Panel
5333 Mission Center Rd., Suite 300
San Diego, CA. 92108

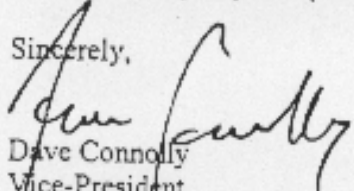
Dear Ms. Torres,

The Sailor's Union of the Pacific is a member of the Pacific Coast Maritime Labor/Management Consortium (PCMC) and represents employees at Foss Maritime Company. We are pleased to support the addition of this employer for training under the Employment Training Panel contract.

Training is vital for our members continued employment opportunities. Finding resources to support the training needs in our industry is the mission of the PCMC and the reason we participate in it.

We feel our members will benefit greatly from the proposed training plan and appreciate the opportunity to participate in it.

Sincerely,


Dave Connolly
Vice-President
The Sailor's Union of the Pacific